

Saddam Hussein, the Fighter, the Thinker and the Man

Part II

Chapter 4

Petrol-Cutting the dependence on imperialism

The connection between petrol and some parts of the Arab World began when petrol was discovered for the first time in Iraq in 1927. Great discoveries followed after the Second World War in Kuwait, Saudi Arabia, Qatar, Algeria, Libya and the United Arab Emirates.

The activities of exploration and production were carried out at first by foreign organizations that were not connected with the economic and social activity that went on in the countries where petrol was found. The connection with petrol was therefore limited both geographically and as regards the political arrangements, which were made both before and after the War by those countries who were victorious in it. "These countries considered the petrol to be their property and to belong to their companies. The share of the Arab countries whose land produced it was only four shillings a ton, paid to the local ruler to spend on his personal needs (1)."

There was then a great increase in the size of petrol revenues for the producer countries after the "Mosaddaq" crisis with the British Petroleum Company in 1950. The Arab side came to have an equal share in the revenue based on a price for petrol fixed by the foreign companies. The great discoveries of petrol in the Arab World, during the '50s and '60s, coupled with many Arab countries gaining their independence, increased the importance of petrol in the Arab lands. Between 1950 and 1970 the number of producers rose from five to twelve.

Petrol production increased. After this great increase in production, the Arab producers' share of world production rose to approximately one-third, providing some 60% of the petrol sold worldwide. This was despite a wide variation between the different Arab producers. Bahrain only produced 60,000 barrels a day, while Saudi Arabia produced 9,000,000 barrels a day. A mere three countries in the Gulf region-Iraq among them-accounted for 70% of all Arab production (2).

Petrol is divided, from a geographical angle, chiefly among five Arab countries: Saudi Arabia, Iraq, Kuwait, Libya and the U.A.E. If we add Algeria and Qatar, we find that approximately 94% of Arab production is limited to these countries.

From the demographic angle, petrol is found in the countries of not more than 18% of the Arab population, if we exclude Algeria, or 27.8% if we include it.

What was the direct result of this great economic gift lying beneath the soil of the Arab homeland, taken as a whole? An economic researcher states, "The period since the beginning of the '60s of this century [the period of great petroleum discoveries] has witnessed the division of the Arab states into two distinct groups as regards the average personal income. A group of states with low populations has achieved an average income equal to that in the most advanced states, or even higher, while the greater part of the Arab homeland, which contains the majority of the population, suffers from a depressed average income and severe crises in budgetary expenditure and other economic matters (3)." He comments, "In 1972 the highest average income achieved in the Arab World was in Kuwait, and this was approximately 50 times the average income in Somalia. The gap was tripled after the rises in oil prices after the October War in 1973, so that the average income in Kuwait exceeded 150 times that in Somalia, and 48 times that in Egypt.

This gap was maintained in the following years (4)". There must be a note of caution when regarding statistics concerning those Arab states whose wealth has reached astronomic proportions: the average personal income calculated on the basis of the national income is often deceptive, despite its importance in any comparative economic survey. This is because when you divide the national income among the number of inhabitants in the country, you assume that it is equally distributed among the population. This can never happen in any society, especially those ruled by families, which receive the greater part of the national income. Naturally, matters are different in other oil-producing Arab societies, which devote

part or all of their revenues to development, and whose political and economic lives are governed by different systems and philosophies. Consider the following carefully:

"In recent years the growth of Arab financial institutions has taken a form contradictory to the real needs for the growth of the Arab region. There appears to be one cause for this development that can be clearly seen: this is the flight of capital from the region to the industrial capitalist countries. This is a result of the attempt to finance consumer imports and construction projects with gigantic revenues. The development of financial institutions-which are basically banking institutions-has remained a constriction on the producers. Their main purpose is to stabilize the price of crude oil after the October War. The institutions are nothing more than outposts for the great Western financial centres. This has been confirmed by the setting-up of banking unions, which direct towards the Western capital markets a proportion of Arab financial resources. If we add that the management of the great Arab financial houses in Kuwait, Bahrain, the U.A.E. and Saudi Arabia is directly controlled by the great Western banks, you can gauge the extent of their ability to transmit Arab financial resources outside the region. We can say without exaggeration that all the financial institutions in the oil-producing countries are foreign institutions, since they participate directly in the markets of the big international financial centres, which consider these institutions to be one of their tools (5)."

This leads us to a number of basic conclusions. First, the greater part of the oil revenues of some Arab states brings no benefit to the Arab World, and even the people of these states do not profit from it, since they are not used to develop the region or even for any real development in these states. They return once again to the coffers of the consumer states: the great capitalist states headed by the U. S. A. and some of the Western European countries. Secondly, the increase in oil revenues in these states is not directed at any real economic independence, which is the essence of political independence. Sometimes they have the opposite effect, and increase dependence on world imperialist institutions. Thirdly, the vast gulf between their national income from oil revenues and the national income of some other parts of the Arab World, both as regards the average personal income and the total national income of different countries, leads to a deepening of the divisions between them and to the growth of economic and psychological envy among the members of the one Arab Community in their different lands. This is manifested in a weakening of nationalist ideology by these differences and its replacement by an ideology similar to foreign liberalism, which can only lead to a greater economic and political dependence on the imperialist West.

It is in this context that the thought of Saddam Hussein assumes a profound significance, both as regards Iraq itself and the Arab homeland as a whole. It must be pointed out that Iraq has only been an oil state for eight-or perhaps only six-years in the true economic meaning of the concept, even though it was the first Arab land where oil was discovered.

Saddam Hussein remembers very clearly that when the Revolution of July 1968 took power, it did not find the coffers of the treasury full. Even in the following year, 1969, all the revenues came from petrol. These represented the basic national income in an economy without diversification, and did not exceed 169,730,000,000 dinars. For this reason, "Iraq must not be compared with the Arab oil-countries, particularly those of the Gulf, Algeria and Libya, for those countries had had large deposits in banks for many years (6)". It would be scarcely an exaggeration to say that Iraq has only been an oil producer since 1974, by contrast to the other Arab oil states. This is because "Iraq, who achieved her political independence from imperialism in the Revolution of 1958-as was acknowledged in the political communiqué issued by the Eighth Regional Congress of the Arab Socialist Baath Party in January 1974-remained until the Revolution of the 17th July 1968 subject to neo-colonialist economic domination, most notably through the control and monopoly which the companies had over its greatest wealth and most important source of national income--oil". It follows that "the battle to achieve economic independence in the Iraqi area, and to secure political independence and make the national will free of all shackles, is the battle to liberate the oil

wealth from the imperialist companies and to achieve complete domination of it as regards planning, production and marketing.

Without victory in this battle, Iraq would remain subject to imperialist economic domination, and any progress achieved in other areas would be of little avail (7).

But what of Law Eighty-the Law of National Exploitation of Oil that was issued in 1961; and gave the Government power over all the areas that were not exploited by the foreign companies? The political communiqué declared that this law remained "ink on paper" until the Revolution of the 17th July and caused "desperate attempts by the companies to circumvent it and to deprive it of its national import. In 1965 the Government of Tahir Yahya almost signed an agreement with the companies placing all the territories covered by Law Eighty in the hands of the companies under the pretence that they would be exploited jointly with the Government through joint ventures. The Party took a firm stand against this proposal, and defeated it by mobilizing public opinion against it (8)".

The first slogan of the July Revolution in Iraq, "Arab oil is for the Arab people", was never even implemented during that period to the extent of "Iraq's oil is Iraq's".

In 1969, a year after the Revolution, Iraq began to take the first steps to achieve the idea behind the slogan by making a co-operation agreement with the U.S.S.R. for the direct exploitation of oil in the Rumaila fields. The foreign companies considered this to be a threat to their future in Iraq and tried in every way until 1972 to stop it. But the agreement was successful because of national alertness and will. The mere signing of the agreement "in this strategic area which touches the heart of imperialist interests in the region" was a great act of courage by the young Revolution, which had found the country almost bankrupt. "If comparisons may be made", says Tariq, Aziz in his book 'The revolution of the New Way', "the agreement with the U.S.S.R. to exploit the oil of Rumaila has comparable historical importance to the steps taken by Egypt in 1955 to buy arms from socialist countries. It may be even more important (9)".

There is a Chinese fable--and some old, popular fables do not lose their meaning with the passage of time--that one-day a tiger appeared on the bridge of Ti-sin-yan. The people were divided as to what they should do. Some said, "We must not provoke it, or it will kill us". Others said, "How can we even stand in front of it without provoking it?"

Au-sen, the hero of the fable, thought, however, that the tiger that was crossing the bridge of Ti-sin-yan would kill the people whether or not they provoked it. It is the same for us: either we kill the tiger, or it kills us.

It seems that the Iraqi Revolution agrees with Au-sen. At the end of 1971 its Government entered into negotiations with the oil companies after resolving that they would have to be decisive, after previous negotiations in 1970 had broken down after an unspecified period. It resolved to follow Saddam's path and face the tiger so as to save the people from it. The companies thought that the Revolution would only skirmish with them, for how could it provoke them or even conceive of freeing itself from them? They therefore protracted the negotiations and after a short while, when they considered they were being "provoked", they decided to act before the Revolution acted. They proposed to make a big reduction in oil production so as to paralyze the Revolution by emptying its treasury.

But the Revolution was not only thinking of provocation. It had prepared its ground well in order to finish the matter once and for all. On the 17th May 1972 it issued the famous ultimatum to the effect that, if all its demands were not met within two weeks, something would happen to the companies which they were still not able to envisage clearly: complete nationalization.

We should mention that a number of friends of the Revolution, both inside and outside Iraq, were unsure that it would carry out the threat in its ultimatum and issue the decree of nationalization. In the interests of historical accuracy we would point out that the Iraqi Communist Party, which at that time had two ministers in the Government, advised the

Revolution to be cautious in adopting the resolution, lest the country should suffer armed imperialist intervention similar to that in Egypt after the nationalization of the Suez Canal. In the meeting between Saddam Hussein and Castro in Havana on the 15th of January 1978, Saddam Hussein said to Castro: "The Soviet Charge d'affaires met Tariq, Aziz and said to him, 'Nationalizing the oil would be dangerous!' Tariq, Aziz said, 'The Charge d'affaires is warning us against nationalization' (10)."

The principal slogan in those days was originally only for internal consumption aimed at the Baath Party in its struggle with the companies. It later became a popular song. It was "Don't let up! Forward!"

Saddam Hussein said in the same meeting with Castro: "We had no information about the oil market. We asked financial and economic specialists, who thought we should act in the old way and told us, 'you don't have the skill and the financial resources. How can you nationalize?' We considered the masses to be our hard currency, so we could not act in the old way (11)."

The struggle for a settlement was intensifying every day, when the Revolution published the complete text of the negotiations with the companies. An observer who knew something of the nature of the leadership and the "political brain" that was leading it, was certain that this intensification and the public revelation of what had been going on behind closed doors would not have been made by any "sane" leadership-as Saddam Hussein himself put it, "unless It had already made up its mind". Yet the companies "continued to refuse to imagine that the Revolution would nationalize (12).

Saddam Hussein recalls that at the time there were French sources who did not agree with the calculations made by the companies, and that the Iraqi Government might take a unilateral decision to legislate. "Yet even the most astute of the companies' sources did not imagine that the decision would be the nationalization of the companies. But on the basis of their calculations they tried to persuade the other sections of the companies to moderate their stance. The French Ambassador telephoned the General Secretary of the Monitoring Committee, asking for a delay in unilateral action in the hope that this would enable him to persuade the representative of the Companies Stoke Wil of the necessity of acceding to the Government demands. Shortly before eleven o'clock on the 1st June 1972, before the expiry of the ultimatum, the Ambassador telephoned the General Secretary of the Monitoring Committee to tell him that, after much effort, he was still unable to persuade Stoke Wil (13)."

At eleven o'clock on the morning of the 1st June, the ultimatum expired. The telephone rang in the office of the General Secretary of the Monitoring Committee.

The caller was Stoke Wil, requesting an extension of time and a further opportunity to negotiate.

But at the same time, while the masses held their breath waiting to see what would happen, the Iraqi Radio and Television Services were ready to broadcast an important speech to the Community. President Ahmad Hassan al-Bakr was waiting to announce the historic decision of the Revolution: the nationalization of the oil companies holding a monopoly in Iraq.

The imperialist tiger had been dealt a fatal blow. Nevertheless, the battle was not easily won. As Tariq Aziz puts it in his book 'The Revolution of the New Way':

"It did not end with a single blow, after the manner of fables. There was a hard battle, and a long struggle at close quarters (14)."

In the decree of nationalization issued on that day, the state obtained control of 65% of the area producing oil, which area was the only area under foreign control. This raised the oil-producing area controlled by the Government to 99.75%. This was because the decree issued on that day did not include the Basra Petroleum Company.

"The decision of the leadership not to include the Basra Petroleum Company in the decree of nationalization of the 1st June 1972 was important in two respects. In the first place, it provided the state with resources of hard currency during a difficult period that followed, enabling it to face up to the monopolies, while at the same time it provided the Revolution

with a new opportunity of enlightening the companies of its intention of forcing them to comply with the decree of nationalizing the Iraq Petroleum Company, and to acknowledge Law Eighty in its entirety. In the same way, the decision of the leadership to give France a special place in the nationalization had a far-reaching importance, just as the attitude of the Soviet Union and the socialist countries towards the nationalization was important politically and economically (15)."

Was the nationalization of Iraqi oil a revolution? The banner of nationalization ranged far and wide, but Mosaddaq had raised it and tried to implement it in Iran in 1950. Yet despite this, Saddam Hussein himself said, "The 1st June was not a revolution in itself. It was part of a revolution, an act flowing from its conceptions and connected with its course. It was one of the essentials for its course (16)". The question here is not connected with the conception of nationalization in itself, or with the slogan for liberating the oil wealth as a mere slogan. It is in the first place connected with the nature of "the political brain" and "the political path" which lay behind the conception of nationalization, its implementation, and its ultimate successful conclusion. It is here that the fundamental difference lies between this act of nationalization and previous attempts at it, which were stillborn or died while still in the cradle. Perhaps there was another difference of great importance: this instance of nationalization was carried out according to a preconceived plan for which the political and economic preparations had been made years in advance. Although it entailed a positive revolutionary response to the imperialist attitude towards the Revolution, this was not its end in itself. In this respect, too, it was different from some previous cases of nationalization that did not concern oil. There is no doubt that nationalization in itself, particularly in the field of oil, had a great significance not only for the struggle against imperialism but as a display of the extent of the revolutionary courage and worldly experience that were characteristic of this Iraqi Revolution when it was picking up the reins of power. "It knew little about oil", says Saddam Hussein. "It is certain that if the nationalization had not been carried out successfully, a financial disaster would have occurred such as that which befell earlier experiments at nationalization. And the story people told about the nationalization would be very different (17)."

Both before and after nationalization, the "political brain's" judgments met the mark. They showed no weakness or hesitation. Both in its judgment and in its action it was in complete control of the steps that it took. Tariq, Aziz explained this in the work that we have already mentioned: "The revolutionary leadership realized the importance of the elements of national unity and the unity of the progressive factions in the battle for liberation and construction. It knew how to mobilize them both before and after the nationalization. It also saw the importance of popular participation in any national battle, so that the masses took responsibility for it both beforehand and afterwards. It did not limit the struggle to a regional confrontation but turned it into a national one, and saw the need to be allied with the forces of the world Revolution, headed by the military might of International Socialism. It sealed this alliance, while considering the contradiction and competition between the Western interests and learning how to pit these interests against each other. It thus made use of its alliance with cunning and discretion, but did not deviate from its revolutionary line and principles. Similarly, it grasped the importance of good management, resolution, and the other factors needed to win such a fight (18)."

The socialist countries, with the U.S.S.R. at the fore, supported the decree of nationalization once it had been issued. In fact, the U.S.S.R. was the first country to buy nationalized oil from Iraq. France, Spain, Turkey, Italy, Greece, Yugoslavia, Bulgaria, Hungary, Czechoslovakia, Rumania, Egypt, Morocco and the independent Western companies followed. In the nine months that followed the nationalization, before the companies eventually submitted on the 1st March 1973-and these were very difficult months-the decree was not only fully implemented, but the Iraqi leadership underwent a severe testing. The "political brain" did not lose sight of the battle for a single moment. The leaders

in the Party never left their place in the operations room with the technician Cadres, who were naturally essential. The result was that those who had had absolutely no knowledge of oil matters were able by the beginning of March 1973 to sell 48 million tonnes of nationalized oil out of the 57 million tonnes that were the productive capacity of the Kerkuk fields. This figure exceeded by 20 million tonnes the figure claimed by the nationalized companies before nationalization as the maximum that could be marketed.

At the end of the nine months the independent Iraqi economy was born and saw the light of day for the first time. The experiment had ended successfully, for "the man who had come to the river had been able to swim with skill and reach the far side in safety"(19). Is it too much to say that it was not the first time for Saddam Hussein that he had swum out into the river and reached the other bank by strength and will, faith and complete trust in his principles and political values.

The nationalization of oil in Iraq did not only have a national effect inside the country. It also had a far-reaching popular effect as regards the situation outside Iraq. The achievement of economic independence and the freeing of the national will by breaking the country's dependence on imperialism were not the furthest-reaching of the goals desired by the "political brain" that entered the battle of nationalization and emerged victorious. Saddam Hussein recalled, " Any victory achieved within the context of one region is a step on the road of the central objectives of the Arab Revolution (20)."

Thus, the slogan " Arab oil for the Arab people" that was first raised by Iraq was put into practice only partially, within the Iraqi region, but continued to call upon the Arab oil states to adopt it and to expropriate the oil as the right of the sons of the Community that was poor, naked and backward despite its dazzling wealth, gripped in the talons of world imperialism.

The slogan " Arab oil for the Arab people" was not merely a sentiment for internal popular consumption. Iraq raised another slogan that sprang from the first and expressed the same pugnacious content: "Oil is a weapon in the battle". In the Congress of the United Arab Defence Ministers on the 27th January 1973 in the ninth month itself, Iraq made a proposal for concerted Arab action on the basis of using oil as a weapon in the popular struggle against imperialism and Zionism by nationalizing oil interests and all the other interests of all states that did not respond to a call to cease military and economic cooperation with the Zionist entity. Iraq said on that day to the other Arabs, "We are an oil state, so do not think that we exaggerate when we utter this slogan. We utter it to brothers. We realize its effectiveness. We were the first to put it into practice. Let what we have done in Iraq make us Fedaiyyin (21)."

The proposal of the Iraqi delegate was a limited one.

It was, "Let every oil state that has the power to nationalize, nationalize the American share and the share of any other country whose attitude is similar to that of America. Nationalized oil must not go to the same markets, but must be sold to other companies and states so that the Arab political position will be strengthened in its links with foreign countries. Those Arab states that cannot nationalize should stop oil exports to America and any other country that takes an attitude similar to the American (22)

In the October War of 1973, Iraq was the first to put its statements and proposals into practice. In the afternoon of the 6th October, the first day of the War, the political leadership issued a decree that was made public on the morning of the 7th and nationalized the American share in the Basra Petroleum Company because of America's attitude towards the Arab struggle. It also sent envoys to other Arab oil states urging them to issue similar decrees, or at any rate to do what they could. But the envoys were told, "We cannot follow this path. We are willing to contribute money, but it is inconceivable for us to play around with the Oil (23)."

As the War escalated and the Arabs achieved victories in its first days, Iraq rushed its army to the western front and popular enthusiasm rose to explosion point. There was no alternative on the oil issue except the adoption of a new line. Those who had considered-and still did so--that oil was worth more than the blood spilt on the Suez Canal and the Golan Heights found themselves in a quandary. At the conference called in Kuwait during the War they were

forced to adopt a weak decree to reduce the flow of oil by 5% initially. But the proportion rose as the War continued, until there was a general cessation of all production, whether for friend, foe, or for those who had been or would have liked to be neutral.

Saddam Hussein says, "All the Arabs could have taken a harder line that they in fact took. Some of the Arab states were in a position to withstand the imperialists, policies directly, and to adopt much stronger lines than they did. If the War had continued for two months many matters would have changed in the Arab World (24)."

Iraq did not favour at that time stopping oil shipments to all countries in the world. Saddam Hussein asked, "Why are we stopping the flow of oil to Western European countries that are not hostile? Are we trying to gain more enemies, or do we want to reduce the number and gain some friends, and neutralize other enemies (25)?" But this misguided policy did not stop at that time, and there is no doubt that the Arabs suffered great moral-and possibly material-losses in some Western European countries. Many studies published after the War showed that it was the United States that gained through this policy because of the rise in the price of its own oil and its exports of petrochemicals to Western Europe, as well as through anti-Arab propaganda.

At any rate, this was the position of Iraq. It was in full accord with its nationalist principles, and stemmed from fine calculations.

When the American share in Basra Petroleum had been nationalized, and then the Dutch share and eventually, too, that of Gulbenkian, the Iraqi people controlled 85% of the oil production in their country. In 1975, however, the political leadership in Iraq declared the nationalization of the remaining proportion of 15%, whereby Iraq's entire oil wealth became the absolute property of the Iraqi people alone. For the first time in the history of Arab oil, the principle for which Saddam Hussein had struggled was achieved, namely " Arab oil for the Arab people". Arab oil in the service of Arab causes everywhere. Did not

Saddam Hussein himself says that the oil of Iraq belongs to all Arabs, and is a weapon in their hands by which they can liberate themselves from subjugation, exploitation and backwardness?

Notes

- 1) Ali Ahmad' Atiqa, al-Naft wat- Tanmiyya al-Arabiyya (Oil and Arab Development), Kuwait, OPEC, 1978, p. 2.
- 2) Ibid., p. 3.
- 3) Ibrahim Sa'ad-ad-Din, al-Athar al-Salbiyya lil-Furuq ad-Dakhiliyya bayna al-Aqtar al-Arabiyya ala at- Tanmiyya fil-Aqtar al-Aqal Dakhlan (The Negative Effects of The Internal Differences between Arab Countries on Growth in the lowest Income Countries), in Istratijiyyat al- Tanmiyya fi Misr (The Strategy of Growth in Egypt), Cairo, al-Hay'a al-Ama lil-Kitab, 1978, p. 107.
- 4) Ibid., p. 108.
- 5) The Arab Institute for Advancement, Strategic and Economic Sciences Section, al-Istithmarat al-Kharijiyya lid-Duwal al-Arabiyya al-Muntijat lin- Naft (Foreign Investment for The Arab Oil-Producing Countries), Beirut, 1977, pp. 106-107.
- 6) Saddam Hussein, Nidhal una Was-Siyasa al-Kharijiyya (Our Struggle and Foreign Policy), Beirut, Dar al-Tali'a, 1972, Part 2., p. 52.
- 7) The Arab Baaath Socialist Party, The political resolution issued by the Eighth Regional Conference, January, 1974, p. 69.
- 8) Ibid., p. 72.
- 9) Tariq , Aziz, op. cit., p. 29.
- 10) From Saddam Hussein's meeting with Fidel Castro in Havana, 1978.
- 11) Ibid.
- 12) Saddam Hussein, Ahadith fil-Qadhaya al-Rahina (Discussion of Current Issues), Beirut, 1974, Dar al-Tali'a, p. 16.

- 13) Ibid.
- 14) Tariq , Aziz, op. cit., pp. 69-70.
- 15) Arab Baaath Socialist Party, op. cit., p. 77.
- 16) Saddam Hussein, op. cit., p. 6.
- 17) Ibid., p. 9.
- 18) Tariq 'Aziz, op. cit., pp. 70-71.
- 19) From Saddam Hussein's meeting with Fidel Castro in Havana, 1978.
- 20) Saddam Hussein, op. cit., p. 17.
- 21) Saddam Hussein, Ma'arakat at-Ta'mim. al-Majida (The Glorious Battle for Nationalization), Baghdad, Dar al-Thawra, 1973, p. 41.
- 22) Saddam Hussein, op. cit., p. 105.
- 23) Ibid., p. 106.
- 24) Ibid.
- 25) Ibid., p. 107.
- 26) Ibid.